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SUBJECT: US-YUGOSLAV ECONOMIC COUNCIL MEETING NEW
YORK, DECEMBER 5

1. U.S.-YUGOSLAV ECONOMIC COUNCIL SPONSORED BRIEFING IN
NEW YORK ON DECEMBER 5 ON TRADE AND INVESTMENT OPPORTUNI-
TIES IN YUGOSLAVIA. TURNOUT WAS GOOD IN BOTH QUALITY AND
QUANTITY (APPROXIMATELY 90 PEOPLE). UNDER CHAIRMANSHIP
OF JOHN BURLINGAME PARTICIPANTS HEARD PRESENTATIONS FROM
AMBASSADOR GRANFIL, ASSISTANT SECRETARY OF COMMERCE DOBBIN,
YUGOSLAV COUNCIL CHAIRMAN CEPERKOVIC AND REPRESENTATIVES
FROM STATE DEPARTMENT (EUR/EE), WORLD BANK, EXIM BANK,
INTERNATIONAL FINANCE CORPORATION AND OPIC.

2. PRESENTATIONS FOR MOST PART WERE FACTUAL, STRAIGHT-
FORWARD AND BALANCED, ADDING UP TO FAIRLY OPTIMISTIC
APPRAISAL OF TRADE/INVESTMENT OUTLOOK IN YUGOSLAVIA OVER
COMING YEARS. JUDGING FROM QUESTIONS POSED AND INFORMAL
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COMMENTS, SESSION APPEARED QUITE USEFUL TO AUDIENCE.

3. ASSISTANT SECRETARY DOBBIN EMPHASIZED SERIOUSNESS OF COMMERCE DEPARTMENT'S PLANS TO PROMOTE TRADE WITH YUGOSLAVIA, AND HE POINTED TO A STEPPED-UP PROGRAM FOR FY-75 DESPITE POSSIBLE STRINGENT REDUCTIONS ON COMMERCE BUDGET. DOBBINS ALSO OUTLINED SOME IMPEDIMENTS TO GREATER U.S.-YUGOSLAV TRADE: GOY'S COMPLICATED FOREIGN

EXCHANGE SYSTEM, RESTRICTIONS AGAINST FOREIGN FIRMS OPENING SALES OFFICES IN YUGOSLAVIA AND LIMITATIONS TO MINORITY EQUITY INVESTMENTS. (FYI WE FOUND IT INTERESTING THAT AMBASSADOR GRANFIL OPENLY ADMITTED THAT HE PRIVATELY DISAGREED WITH YUGOSLAV POLICY RESTRICTING SALES OFFICES.)

4. MR. CEPERKOVIC PAINTED ROSY PICTURE OF PROSPECTS FOR FUTURE U.S.-YUGOSLAV TRADE. HE CITED KRSKO NUCLEAR POWER PLANT AS PROVIDING PARTICULAR IMPETUS FOR GREATER EXPANSION, MENTIONING ALSO THERMO-ELECTRIC POWER PLANT DEVELOPMENT (UTILIZING YUGOSLAVIA'S SIGNIFICANT RESOURCES OF LIGNITE COAL), FARMING MACHINERY, FOOD PROCESSING MACHINERY AND TECHNOLOGY AND PRODUCTION TECHNIQUES FOR SUCH BASIC METALS AS ALUMINUM, STEEL, COPPER, LEAD AND ZINC.

5. OTHER SPEAKERS REPRESENTING WORLD BANK, EXIM BANK, IFC AND OPIC DISCUSSED FINANCING OF U.S.-YUGOSLAV TRADE. GIST OF THEIR REMARKS WAS THAT YUGOSLAVIA STILL CONSIDERED GOOD CREDIT RISK BUT WORLDWIDE SHORTAGE OF LIQUIDITY WILL ENTAIL HARDER LOOK AT CREDIT APPLICATIONS IN FUTURE.

6. ALL IN ALL, PARTICIPANTS WERE GUARDEDLY OPTIMISTIC ABOUT FUTURE WITH CONCERN ARISING MORE FROM EXTERNAL ECONOMIC DEVELOPMENTS THAN FROM YUGOSLAVS' MANAGEMENT OF ECONOMY.

7. MISCELLANEOUS DOCUMENTS FROM MEETING BEING POUCHED.

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